

future housing trends
and what they mean for Milwaukie

Smaller household sizes

Baby boomers

Generation Y

Immigrants and their children

demographic trends

Homeownership will return to pre-boom levels

More people will rent, by choice and necessity

Strong real estate market for rental units

Supply of rental units may not meet demand in near future

the effect of the recession

For decades, majority of American households consisted of two parents and 2.5 children; this type now accounts for only 1/3.

Now the majority of households are married with no children, or headed by single persons; majority of these are women.

Housing costs are often more than 50% of monthly income; earnings gap exacerbates financial burden for female-headed households.

Homebuilding industry has failed to recognize trends; since 1950s, even while household sizes have shrunk, the size of the average house has doubled.

smaller household sizes

Defined as people between ages 45 and 64.

Will continue to redefine retirement, demanding a wider range of housing choices (downsizing, lifestyle renting, aging in place).

Two cohorts defined by stresses of recession: 1/3 = older baby boomers (55-64); 2/3 = younger group (46-54).

The younger group, in their prime earning years, faces distinct challenges exacerbated by the recession (financially burdened, hampered mobility).

baby boomers

Children of the baby boomers (also known as echo boomers, net generation, millennials), now in teens and early 30s.

At eighty-three million individuals is and will be a dominant force in the economy.

Preferences: walkable urban areas, racial and ethnic diversity, green design.

Generation Y is economically constrained, especially post-recession; may rent longer by necessity and choice; disillusioned about homeownership as a way to build wealth.

generation y

Defined as foreign-born people (legal and illegal) and their US-born children.

By 2050, will account for seventy percent of nation's population growth, as a result of births in the US.

First generation: tend to be younger, have larger families and more traditional households; prefer large houses; tend to live in poverty and have lower education levels.

Second generation: typically move to national norms in education, income and lifestyle; have higher household incomes than others in their age group.

immigrants and their children

Baby boomers will continue to demand a wider range of housing choices beyond the large suburban home.

Generation Y and second generation immigrants will create a wave of household formations even larger than that of the baby boomers, and show a preference for walkable communities and small homes.

Homeownership will likely never return to pre-recession levels; predicted to stabilize at levels of the 1960s, 70s and 80s (in the low sixty percent range).

Trends point to a demand for urban housing in the form of compact infill close to affordable transportation.

**the future of homeownership,
renting & the suburbs**

Producing enough urban housing to meet the demand will be a significant challenge for many towns, cities and suburbs.

Walkable urban areas, suburban town centers, retrofitted suburban areas and first ring suburbs stand to gain from trends.

Much of the new housing will be infill; infill can be costly and difficult.

Developers, do-it-yourselfers and residents will take advantage of infill options if they are provided.

what it means for Milwaukie

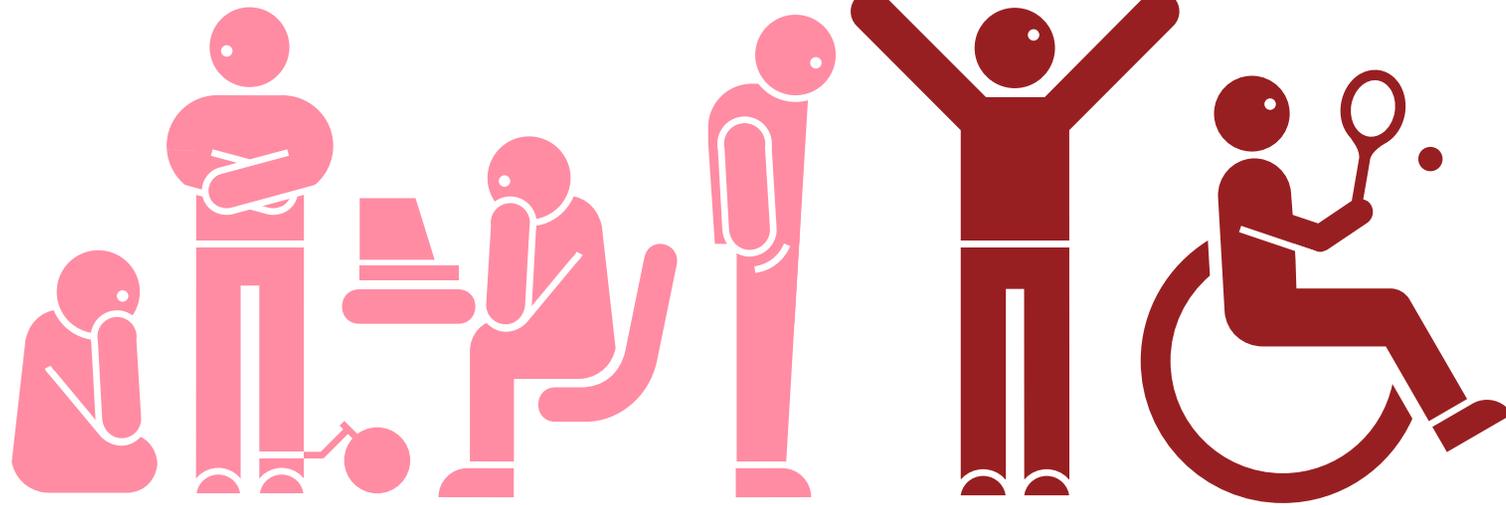
“Communities that are actively engaged in defining the type of infill that is appropriate for their community, building community support, and adjusting their codes and design review to encourage, rather than discourage infill, stand to gain high quality affordable infill.”

what it means for Milwaukie

A photograph of two cyclists riding a road bike, overlaid with a red semi-transparent box containing text. The cyclists are wearing helmets and jackets, and the image has a red tint. The text is white and reads: "We raised our kids here. All of our friends are here. Why would we move somewhere where everyone has grey hair and plays bridge all day?"

“We raised our kids here. All of our friends are here. Why would we move somewhere where everyone has grey hair and plays bridge all day?”

BABY BOOMERS



2/3 OF BABY BOOMERS

Age 46 – 54

1/3 OF BABY BOOMERS

Age 55 – 64

BABY BOOMERS



2/3 OF BABY BOOMERS

Age 46 – 54

1/3 OF BABY BOOMERS

Age 55 – 64

→ TREND

From 2011 on, the population of seniors will grow at a faster rate than the total population of the United States

→ FACT

A 2009 survey found that 75% of retiring baby-boomers prefer mixed-age and mixed-income communities in urban settings



“We’ve decided to invest in our property, build a unit out back for ourselves, and rent the house out to a young family with kids. We don’t need all of that space anymore, but we don’t want to leave the neighborhood. It’s a win-win.”



“We bought a big house when things were on the upswing, but those days are long gone. Our home is worth quite a bit less than we paid for it, so we can’t afford to move or downsize.”



US HOUSEHOLD GROWTH PROJECTIONS BY AGE: 2010-2020

EACH SYMBOL = 1 MILLION HOUSEHOLDS

JOINT CENTER FOR HOUSING STUDIES



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→TREND

Individuals currently between 45 and 64, will account for 25% of the US population in 2020, and 50% by 2030

→FACT

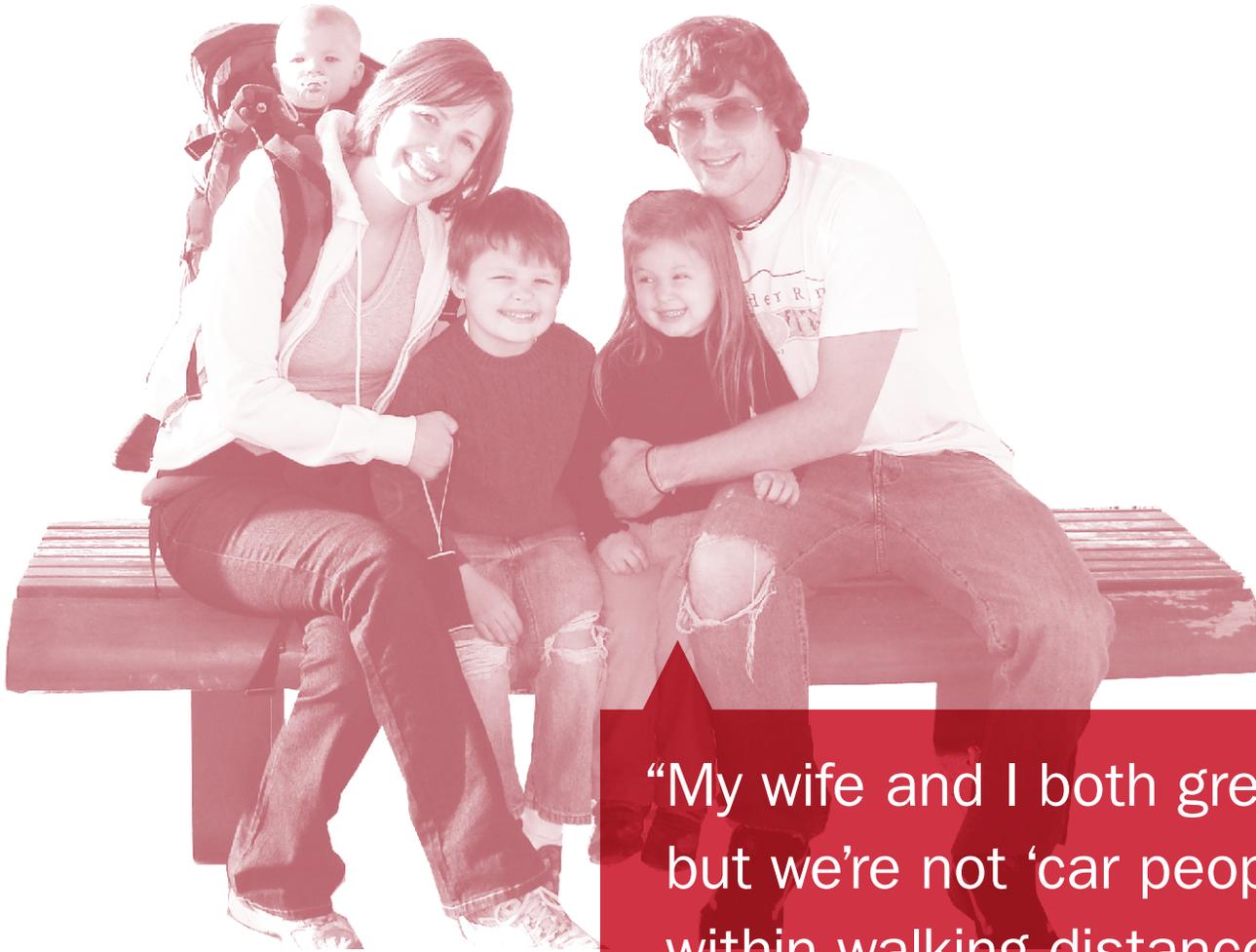
Many find their homes “underwater” (the mortgage loan balance exceeds the value of home) and/or difficult to sell

→FACT

In the 1990s, many Generation Y members returned to live with their parents; this has increased due to the recession



“It would be nice if we could remodel the house and rent out a small unit to help pay the mortgage down. If our son can’t find a job, he’ll be back in the house, too. We’re going to have to get creative to make it all work.”



“My wife and I both grew up in the suburbs, but we’re not ‘car people.’ We like living within walking distance to the farmer’s market, local shops, and a great Waldorf school. Our quality of life is important to us.”





→TREND

Generation Y is likely to live in walkable areas, not in the suburbs where they were raised

→TREND

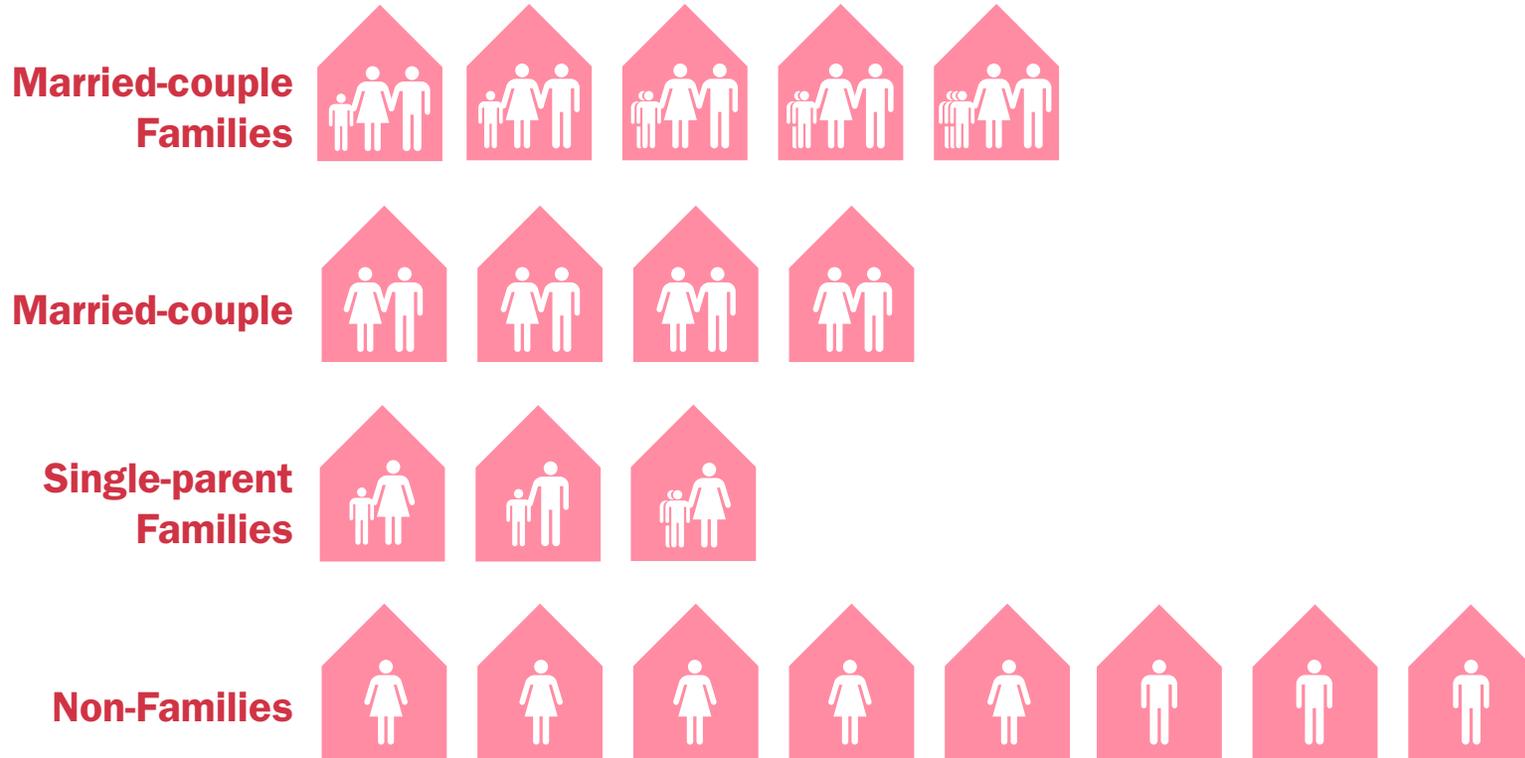
Involved in improving the schools in their urban neighborhoods



“I’m not sure we could have made it work if we weren’t able to buy a house that was big enough for my mom to move in and help us with our newborn.”

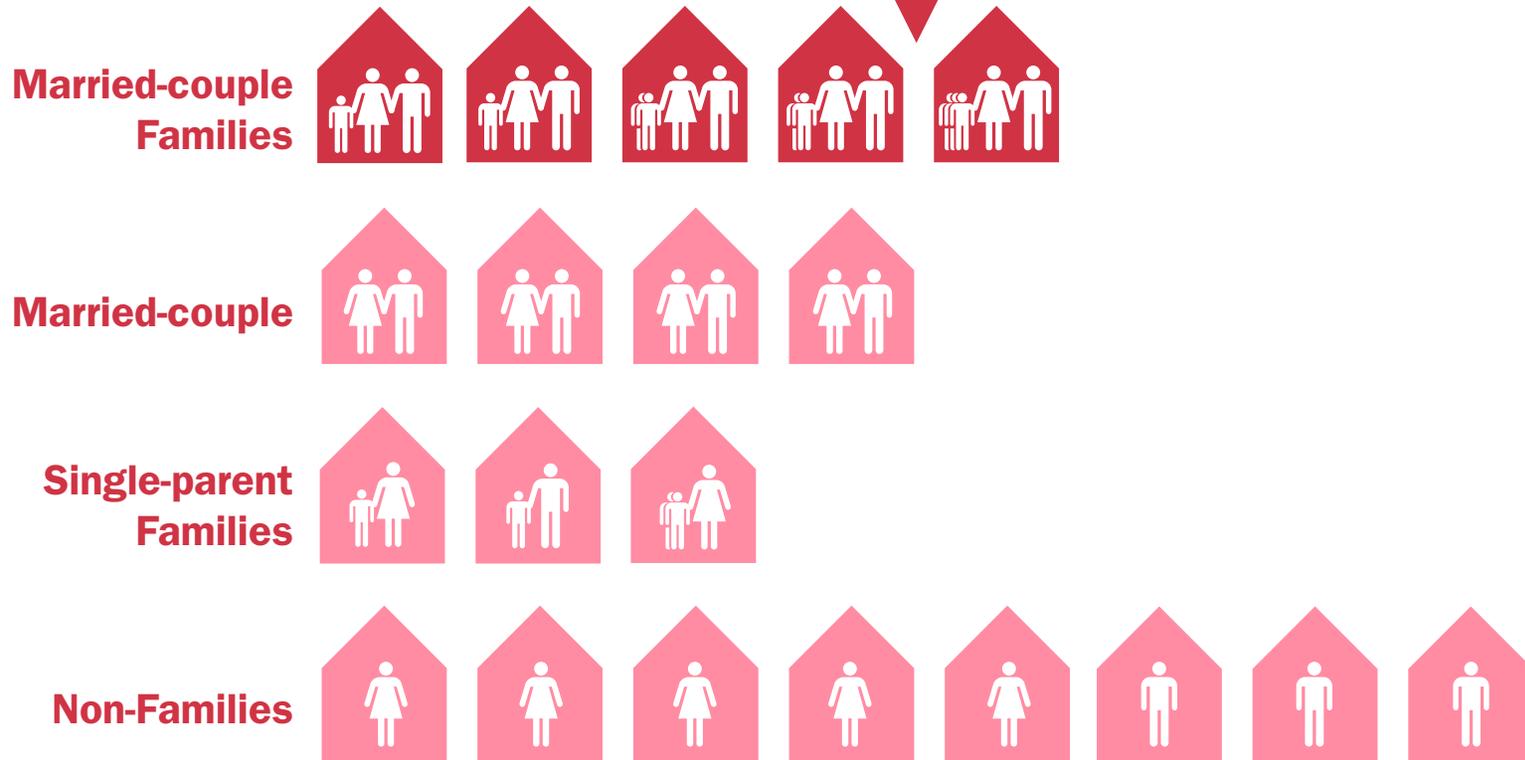


“I wanted to be close to a good public school for my kids. It’s important to me that we live somewhere with a sense of community where people watch out for each other.”



MILWAUKIE HOUSEHOLD TYPES: 2000
EACH SYMBOL = APPROXIMATELY 425 HOUSEHOLDS
US CENSUS

Less than 25% of Milwaukee households consist of a married couple and children



MILWAUKIE HOUSEHOLD TYPES: 2000
EACH SYMBOL = APPROXIMATELY 425 HOUSEHOLDS
US CENSUS

→ **FACT**

The fastest-growing segment in household size recently has been single-person households, most of which are made up of women

→ **TREND**

Persistence of the male-female worker earnings gap will exacerbate the financial burden for female-headed households



“We could afford to buy small house here. I hate throwing money away on rent. I’m trying to build a good foundation for my kids so they feel secure.”

“Neither of us have that ‘white picket fence’ fantasy. We don’t feel the need to own our own home, but we do need to feel like we’ve made a home for ourselves.”





**AVERAGE SIZE OF NEW SINGLE-FAMILY HOME AND
AVERAGE PERSONS PER HOUSEHOLD
IN 1950 AND 2005**

US CENSUS AND NATIONAL ASSOCIATION OF HOME BUILDERS



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→FACT

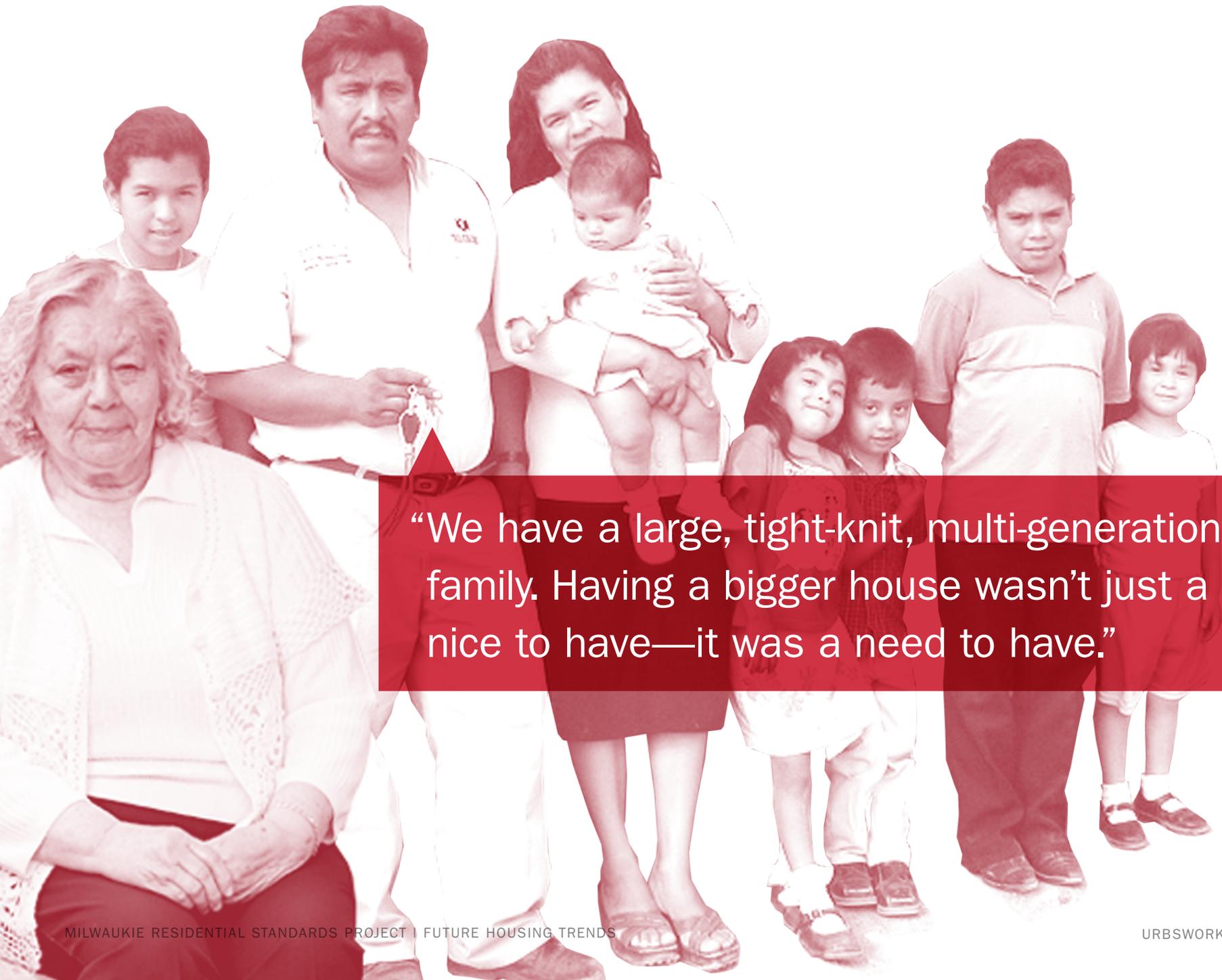
Only about a third of new households formed consist of a married couple with children

→TREND

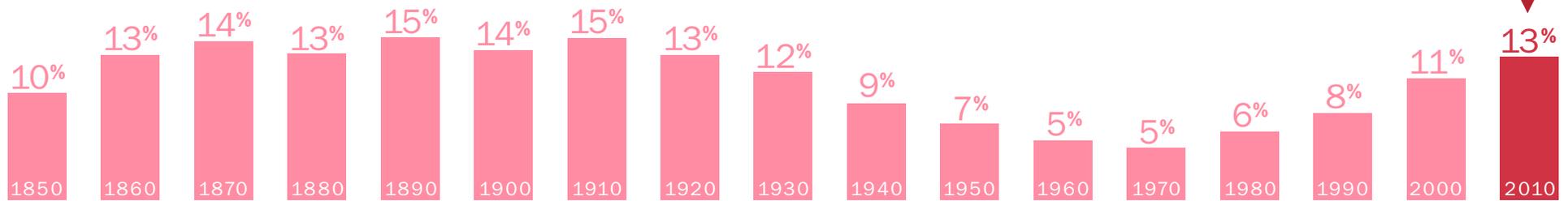
Married couples without children (including empty nesters) will be the fastest-growing household type



“My partner works from home, and we have a dog, so we needed a bit more space than your typical apartment provides. It’s a little house with a little yard, but that’s all we need.”

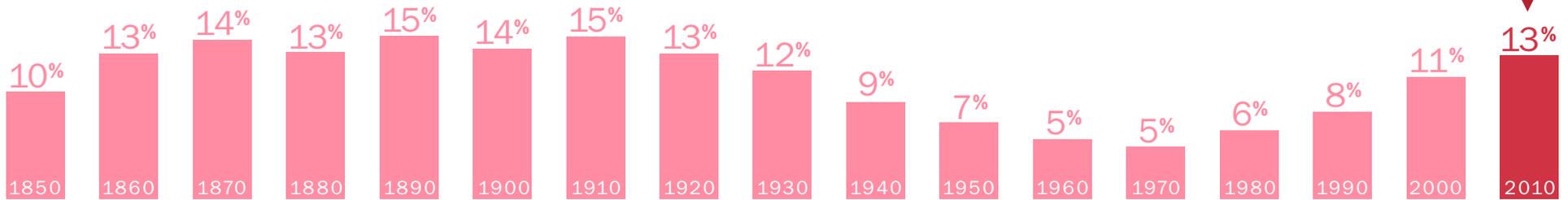


“We have a large, tight-knit, multi-generational family. Having a bigger house wasn’t just a nice to have—it was a need to have.”



U.S. POPULATION: %FOREIGN-BORN RESIDENTS

US CENSUS BUREAU



The foreign-born population is growing

U.S. POPULATION: %FOREIGN-BORN RESIDENTS

US CENSUS BUREAU

→TREND

75%

of projected household growth for 2010–2020 will be by non-whites

→FACT

Large households are more likely to be foreign-born

→FACT

The foreign-born population is more likely to live in poverty and have lower education levels than the native-born population

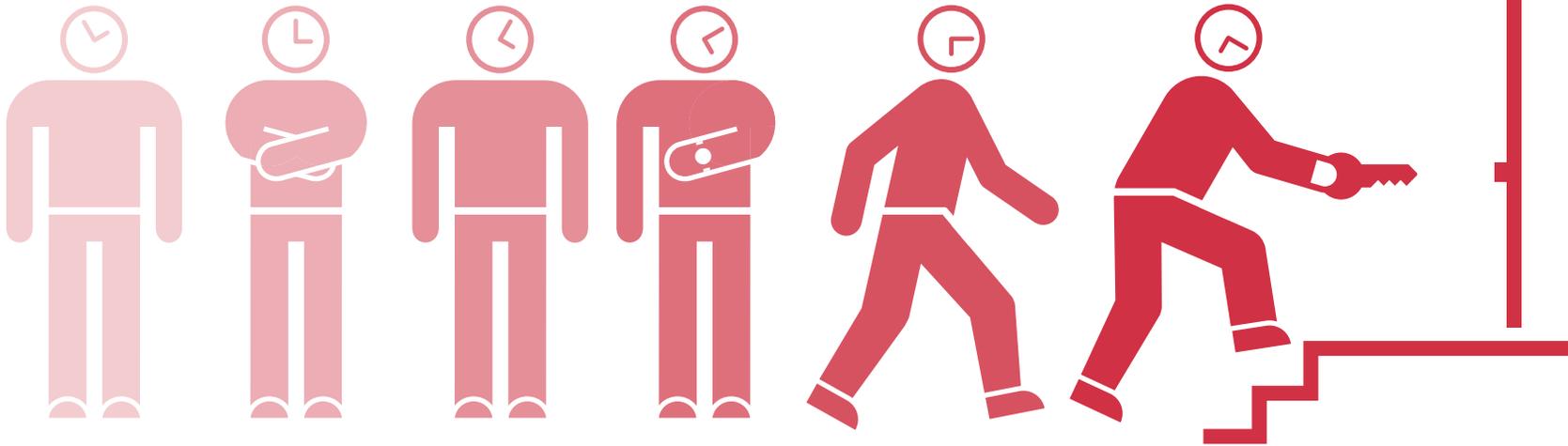


“We moved here because it was affordable and safe, with a pleasant small-town atmosphere. We hope to stay here because this is where so many of our friends are.”

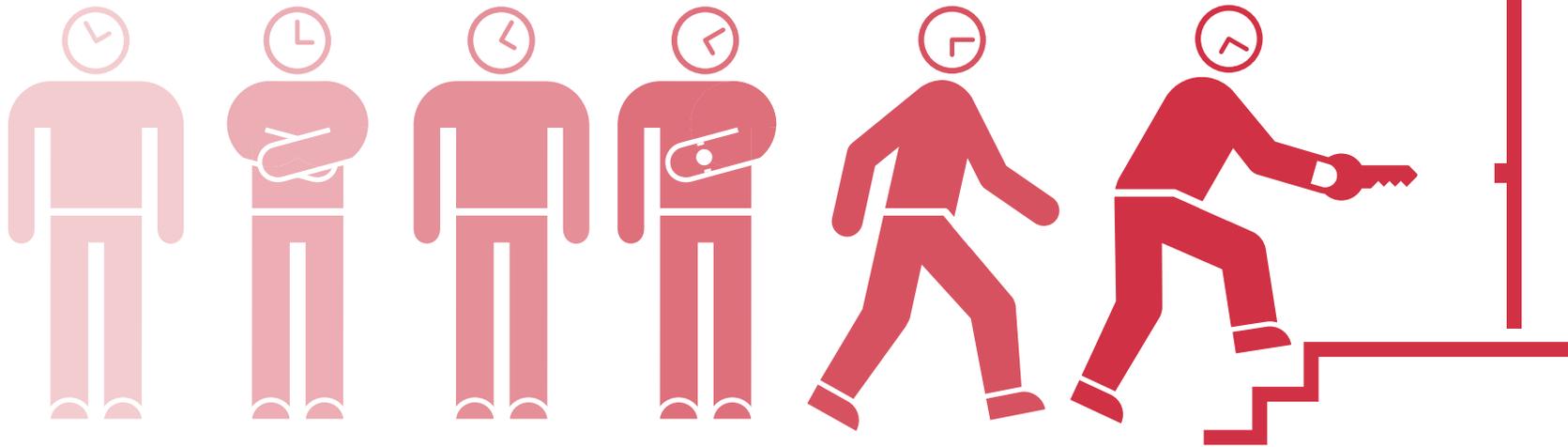


“I wish we could own a house, but that just doesn’t seem like it’s in the cards for us right now. Until we make that a reality, we rent an apartment near transit, so we can work our way up to where we want to be.”

Generation Y is waiting longer before purchasing a home



Generation Y is waiting longer before purchasing a home



→FACT

US-born children of immigrants have incomes and education levels that are more like native-born Americans than their parents

→FACT

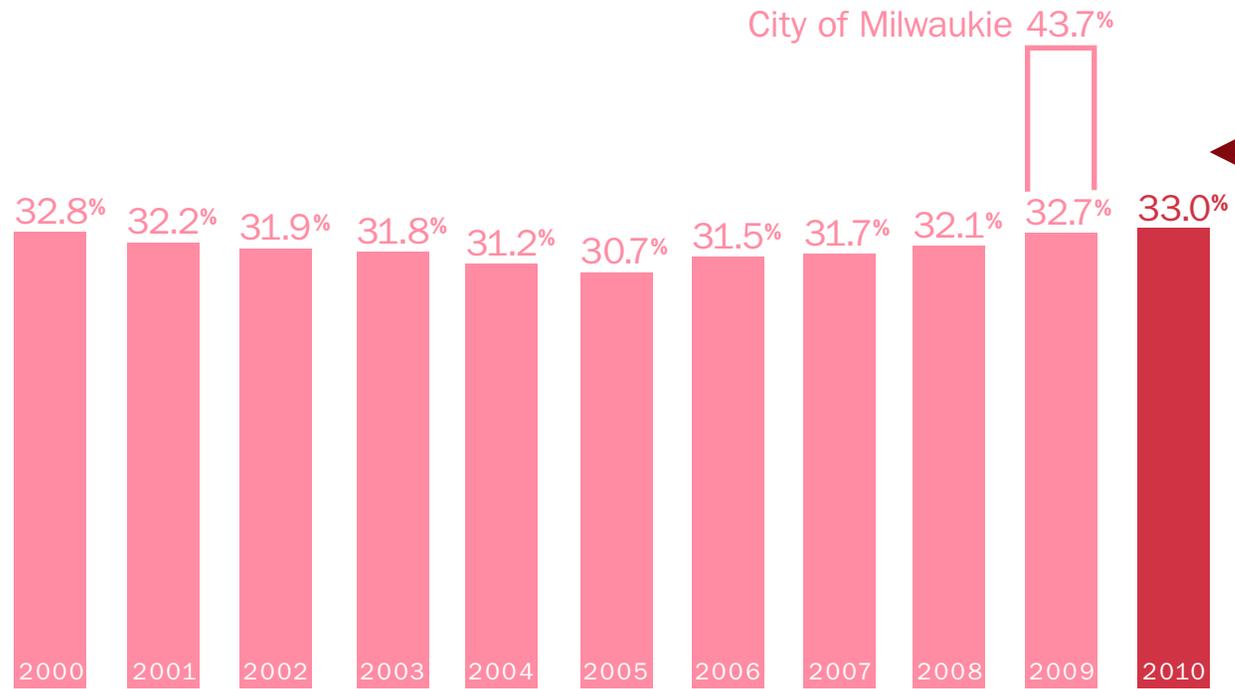
Among householders aged 25–64, second-generation Americans typically have higher household incomes than both foreign-born and other native-born households of all races and ethnicities



“Our parents weren’t born here, but we feel just like everybody else. We are grateful for the opportunities we’ve been given, and we aspire to live the American dream.”

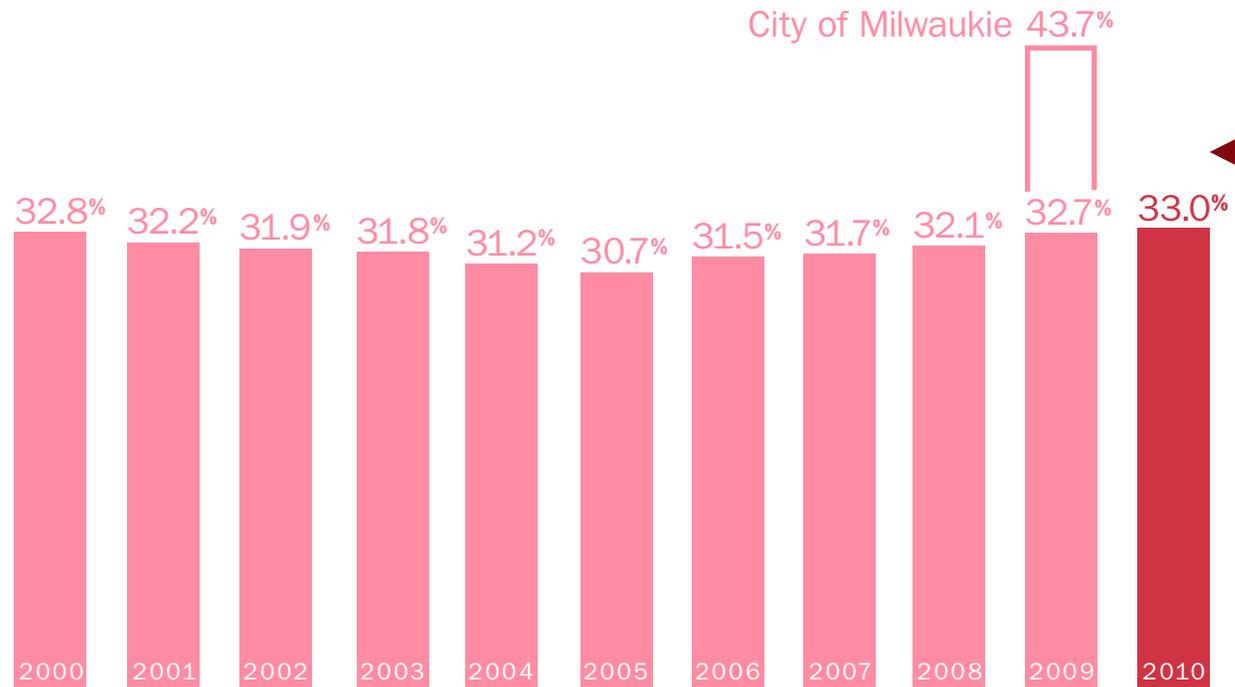


“We’re all about building community—we grow our own fruits and vegetables. My housemates and I work and study nearby and take the whole ‘local’ thing very seriously. One of them works at Dark Horse Comics right on Main Street. It’s a short bike ride from the house—talk about a great commute.”



Rental rates are increasing

U.S. HOUSEHOLD RENTAL RATES
US CENSUS BUREAU



Rental rates are increasing

U.S. HOUSEHOLD RENTAL RATES
US CENSUS BUREAU

→FACT

-12% **-3%**
MEN **WOMEN**

Incomes in this group have fallen within the last decade

→TREND

Generation Y may rent for longer portions of their lives than past generations did

→FACT

A 2008 survey shows that this group wants to live in walkable urban areas, and they will rent and live in smaller spaces to do so



“Not being able to afford a place on our own was a blessing in disguise. Together, we can share a great house with a doable rent, and a huge garden where we grow a lot of our own food. There will be plenty of time later for families and mortgages.”

Household

A household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other persons in the structure and there is direct access from the outside or through a common hall. (U.S. Census Bureau)

Households Formed

When people form an independent household. Can be made by families and non-families. (Urban Land Institute)

Family

A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. (U.S. Census Bureau)